



## **Colorado Division of Housing 3rd Quarter 2007 Foreclosure Report**

**The Colorado Division of Housing is a division of the Colorado Department of Local Affairs**

**December 12, 2007**

### **Summary and Methods**

In response to recommendations from the Colorado Blue Ribbon Panel on Housing and the Colorado Foreclosure Prevention Task Force, the Colorado Division of Housing has compiled the attached information regarding foreclosures in Colorado.

These statistics have been collected to provide as accurate a view as possible of foreclosures in Colorado, and to determine which regions of the state are being most heavily impacted by foreclosures. The data is provided on a county-by-county basis and is based on foreclosure filings through the Public Trustee's office of each county. Data for each county is reported by the Public Trustee's office in each county.

This report seeks to provide two essential pieces of information:

**Foreclosure Filing Statistics:** Once a borrower is approximately three months late with payments, the Public Trustee will send the borrower a Notice of Election and Demand. At this point, the property is officially in foreclosure.

The public trustee filings provide an objective measure of how many foreclosure proceedings have been initiated in a given county. Such filings can be "cured" and "withdrawn" before the home is sold at auction, meaning that not all foreclosure filings result in a final foreclosure sale. However, public trustee numbers are a reliable indicator of the number of homeowners in a county who have become seriously delinquent on home loans, and they provide insights into the overall health of the housing market within that county.

**Foreclosure Sale Statistics:** After a 45-60 days period following the initial filing, the property may be sold at auction to a third party or to the mortgage company. Once the foreclosure sale takes place, there is a 75-day period during which time the homeowner can retain the equity in the property by paying off the amount bid at auction plus "allowable fees" (i.e. taxes, insurance, and any interest accrued per day). A borrower can rarely produce cash necessary to pay off such debts and fees, so in most cases, the foreclosure sale indicates the point at which the homeowner is virtually certain to lose the home.

As listed below, the foreclosure filings number and the foreclosure sale number are two independent numbers. In other words, the properties that went to final sale during the current quarter are not the same properties which entered the foreclosure process the same quarter. For example, among properties that went to sale during the third quarter, a large portion of those foreclosures were actually filed during the second quarter of 2007. The properties that entered foreclosure during the third quarter will only proceed to sale during a future quarter.

**NB: The foreclosure time line will change January 1.**

### **Why are both numbers important?**

The foreclosure filings number provides a view of how many borrowers have become seriously delinquent on their loans. Foreclosure filings provide a good guide to foreclosure activity in a given county, and while a property may be withdrawn from the foreclosure process after a filing is made, the filings statistics nevertheless indicate where borrowers are delinquent and in default.

The foreclosure sale numbers generally indicate how many households have lost all equity in the home as the result of a home being sold to another party at auction. This other party can be the mortgage company, an investor, or others. Many households in the foreclosure process lose their homes through a variety of processes such as short sales and deed-in-lieu-of-foreclosure agreements. Losing the home through a foreclosure sale, however, is generally the outcome that is most damaging to the credit of the homeowner/borrower, and it also does not allow for the homeowner/borrower to preserve any of the equity he or she might still have in that property.

### **Study Findings**

For the third quarter of 2007, Colorado public trustees reported 9,500 foreclosures filings. Overall, there have been 28,960 filings reported during the first nine months of 2007. For all of 2006, there were 28,435 filings. Statewide foreclosure filings statistics have been kept since 2003:

| <b>Year</b>            | <b>Foreclosure Filings</b> |
|------------------------|----------------------------|
| 2003                   | 13,573                     |
| 2004                   | 16,801                     |
| 2005                   | 21,782                     |
| 2006                   | 28,435                     |
| <b>2007 (Jan-Sept)</b> | <b>28,960</b>              |

### **Foreclosure Sales**

For the third quarter of 2007, Colorado public trustees reported 7,117 foreclosure sales. Overall, there have been 19,025 foreclosure sales reported during the first nine months of 2007. For all of 2006, there were 15,112 foreclosure sales. Statewide foreclosure sales statistics have been kept since 2003:

| <b>Year</b>            | <b>Foreclosure Sales</b> |
|------------------------|--------------------------|
| 2003                   | 6,258                    |
| 2004                   | 7,782                    |
| 2005                   | 12,699                   |
| 2006                   | 15,112                   |
| <b>2007 (Jan-Sept)</b> | <b>19,025</b>            |

### **Quarterly Trends**

Overall, third quarter foreclosure filings show little increase over the second quarter or the first quarter, with foreclosure filings at 9,443 during the first quarter, then climbing to 10,017 during the second quarter, and falling to 9,500 in the third. However, growth in foreclosure sales has seen some growth with foreclosure sales climbing from 5,586 during the first quarter to 6,322 during the second quarter and finally to 7,117 during the third.

Adams, Denver, Pueblo, and El Paso counties showed decreases in foreclosure filings from the second quarter to the third. The largest decreases among metropolitan counties were found in Denver County where filings decreased 17 percent from 2,151 during the second quarter to 1,788 during the third; and in Adams County where filings decreased 22 percent from 1,734 during the second quarter to 1,350 in the third.

Weld County reported the largest increase in foreclosure filings since last quarter with filings increasing 15 percent from 650 during the second quarter to 746 during the third. Foreclosure filings in Jefferson County increased 8 percent from 826 to 889 over the same period. Filings increased 28 percent in Boulder County from 211 during the second quarter to 271 during the third.

Foreclosure sales at auction showed more marked increases. Denver reported a spike in foreclosure sales from 979 during the second quarter to 1,848 during the third. However,

this number reflects recent re-processing of 835 foreclosure files and does not reflect an actual increase in new mortgage defaults in Denver. The spike in foreclosure sales does not signal a new trend in Denver.

Adams County reported sustained growth in foreclosure sales, climbing 6 percent from 1,180 during the second quarter to 1,255 during the third. Sales increased 8 percent in El Paso County, rising from 497 to 537 during the same period.

Weld County reported a large increase in sales with a 19 percent increase from 456 during the second quarter to 542 during the third.

Several counties reported decreases in foreclosure sales. Pueblo County reported a 17 percent drop as sales decreased from 290 to 240 from the second quarter to the third. Larimer County reported a decrease in sales of 22 percent from 277 to 215 from the second quarter to the third. In the Metro Denver area, Douglas County reported the most marked decrease of 32 percent as sales declined from 412 to 281 from the second quarter to the third.

### **Regional Differences**

The most significant foreclosure activity is on the Front Range of Colorado. For example, the counties with the most foreclosure filings per household were Adams, Weld, Arapahoe, Denver, and Pueblo. Adams and Pueblo counties topped the list with 1 filing per 32 households and 1 filing per 40 households respectively. In Weld County, there was 1 filing per 41 households, with Denver and Arapahoe Counties reporting 1 filing per 43 households and 1 per 47 households respectively.

Foreclosure rates in other metropolitan counties were less severe with Douglas County, Jefferson County, and El Paso County, experiencing foreclosure rates of 1 filing per 73, 1 per 82 and 1 per 84 respectively.

Boulder, Larimer, and Broomfield counties had the lowest foreclosure rates among the metropolitan counties with rates of 1 filing per 163 households, 1 per 97, and 1 per 97 respectively.

In the mountains and on the Western Slope, foreclosure rates are generally much lower with Mesa County and Summit County reporting a filings rate of 1 per 187 and 1 per 112 respectively. La Plata County reported a filings rate of 1 per 281.

Statewide, there was approximately 1 foreclosure filing per 64 households for the period from January 1- September 30.

In the central mountains and on the Western Slope, the active housing market makes it relatively easy to sell a home if the borrower is unable to keep up with payments. On the Front Range and on the Eastern Plains, due partly to a large supply of for-sale housing, it is more difficult to sell a home quickly, and this may lead to larger rates of default.

## **Forecasts for 2007**

Foreclosure filings in Colorado increased 31% from 2005 to 2006 and 110% between 2003 and 2006. Forecasts indicate that, barring major positive changes in the housing market, foreclosure filings in Colorado will increase to 37,000, a 30 percent increase, over 2006.

The area of greatest concern is the continued growth in foreclosure sales. After nine months, foreclosure sales have already increased 26 percent over 2006. At the current rate, foreclosure sales could reach 25,000 sales by the end of the year; a 66 percent increase.

Seasonal variations in foreclosure filings are usually not large under most conditions. The 1st and 4<sup>th</sup> quarters generally experience the most foreclosure activity, with the 2nd quarter having the least. Foreclosure rates tend to gradually increase from the middle of the year through the end of the year.

## **Methods**

The Colorado Division of Housing has sought to collect foreclosure information on all 64 counties. Data is collected directly from the Public Trustee's office in each county. Our current dataset includes all counties.

Some numbers in this report reflect corrections made to statistics reported in earlier reports.

To calculate per-household foreclosure statistics and rankings, the sample employs data from the most populous and metropolitan counties, and also includes a sampling from all parts of the state to provide information on regional differences throughout the state.

The per-household calculation for each county is based on 2006 estimates of occupied households provided by the Colorado State Demographer.

The household number is that of "total occupied housing units" in each county. This is the number used by other organizations that publish foreclosure ranking data.

The Colorado Division of Housing plans to continue counting foreclosure data from Public Trustees on a quarterly basis and will be releasing data for the Fourth Quarter of 2007 early next year. The Colorado Division of Housing wishes to acknowledge the invaluable assistance of Robert Sagel, the Public Trustee of Morgan County, and the Public Trustee Association, although Mr. Sagel and the Association bear no responsibility for the conclusions and analysis contained in this summary.

Table 1.1  
Foreclosure Statistics 2007

| Counties    | 2006<br>F/C<br>Filings | 2007<br>F/C<br>Filings<br>(Jan-<br>Sept.) | 2007<br>1 <sup>st</sup> Q<br>Filings | 2007<br>2 <sup>nd</sup> Q<br>Filings | 2007<br>3 <sup>rd</sup> Q<br>Filings | 2006<br>F/C<br>Sales | 2007<br>F/C<br>Sales<br>(Jan-<br>Sept.) | 2007<br>1 <sup>st</sup> Q<br>Sales | 2007<br>2 <sup>nd</sup> Q<br>Sales | 2007<br>3 <sup>rd</sup> Q<br>Sales |
|-------------|------------------------|---|--------------------------------------|--------------------------------------|--------------------------------------|----------------------|---|------------------------------------|------------------------------------|------------------------------------|
| Adams       | 4,330                  | 4,540                                     | 1,456                                | 1,734                                | 1,350                                | 3,221                | 3,435                                   | 1,000                              | 1,180                              | 1,255                              |
| Alamosa     | 47                     | 47  | 18                                   | 17                                   | 12                                   | 31                   | 23                                      | 12                                 | 5                                  | 6                                  |
| Arapahoe    | 4,719                  | 4,529                                     | 1,569                                | 1,478                                | 1,482                                | 2,910                | 3,154                                   | 969                                | 1,097                              | 1,088                              |
| Archuleta   | 43                     | 35  | 6                                    | 14                                   | 15                                   | 16                   | 15                                      | 3                                  | 3                                  | 9                                  |
| Baca        | 13                     | 8   | 4                                    | 3                                    | 1                                    | 9                    | 6                                       | 4                                  | 1                                  | 1                                  |
| Bent        |                        | 3   |                                      | 2                                    | 1                                    |                      | 5                                       |                                    | 4                                  | 1                                  |
| Broomfield  | 195                    | 177                                       | 53                                   | 50                                   | 74                                   | 114                  | 111                                     | 45                                 | 40                                 | 26                                 |
| Boulder     | 790                    | 696                                       | 214                                  | 211                                  | 271                                  | 488                  | 394                                     | 128                                | 143                                | 123                                |
| Chaffee     | 60                     | 47  | 14                                   | 19                                   | 14                                   | 30                   | 25                                      | 9                                  | 6                                  | 10                                 |
| Cheyenne    |                        | 1   |                                      | 0                                    | 1                                    |                      | 0                                       |                                    | 0                                  | 0                                  |
| Clear Creek |                        | 73  | 30                                   | 23                                   | 20                                   |                      | 45                                      | 11                                 | 14                                 | 20                                 |
| Conejos     | 17                     | 22  | 6                                    | 7                                    | 9                                    | 11                   | 7                                       | 2                                  | 2                                  | 3                                  |
| Costilla    | 18                     | 19  | 4                                    | 10                                   | 5                                    | 10                   | 6                                       | 2                                  | 2                                  | 2                                  |
| Crowley     | 22                     | 7   | 2                                    | 1                                    | 4                                    | 9                    | 6                                       | 2                                  | 2                                  | 2                                  |
| Custer      | 21                     | 23  | 8                                    | 5                                    | 10                                   | 7                    | 7                                       | 0                                  | 2                                  | 5                                  |
| Delta       | 87                     | 68  | 19                                   | 16                                   | 33                                   | 33                   | 34                                      | 13                                 | 15                                 | 6                                  |
| Denver      | 5,162                  | 5,879                                     | 1,940                                | 2,151                                | 1,788                                | 3,178                | 3,727                                   | 900                                | 979                                | 1,848*                             |
| Dolores     | 5                      | 9   | 5                                    | 2                                    | 2                                    | 1                    | 2                                       | 1                                  | 0                                  | 1                                  |
| Douglas     | 1,258                  | 1,267                                     | 373                                  | 457                                  | 437                                  | 500                  | 1,031                                   | 338                                | 412                                | 281                                |
| Eagle       |                        | 116                                       | 14                                   | 45                                   | 43                                   |                      | 58                                      | 8                                  | 26                                 | 24                                 |
| Elbert      | 198                    | 178                                       | 66                                   | 58                                   | 54                                   | 129                  | 128                                     | 36                                 | 47                                 | 45                                 |
| El Paso     | 2,570                  | 2,573                                     | 828                                  | 880                                  | 865                                  | 1,516                | 1,496                                   | 462                                | 497                                | 537                                |
| Fremont     |                        | 243                                       | 79                                   | 84                                   | 80                                   |                      | 64                                      |                                    | 29                                 | 35                                 |
| Garfield    | 96                     | 55  | 18                                   | 19                                   | 18                                   | 34                   | 12                                      | 6                                  | 6                                  |                                    |
| Gilpin      | 46                     | 42  | 16                                   | 15                                   | 11                                   | 21                   | 24                                      | 3                                  | 11                                 | 10                                 |
| Grand       | 47                     | 36  | 13                                   | 12                                   | 11                                   | 14                   | 17                                      | 8                                  | 3                                  | 6                                  |
| Gunnison    |                        | 20  | 9                                    | 5                                    | 6                                    |                      | 3                                       | 1                                  | 2                                  | 1                                  |
| Hinsdale    | 1                      | 0   | 0                                    | 0                                    | 0                                    | 0                    | 0                                       | 0                                  | 0                                  | 0                                  |
| Huerfano    |                        | 23  |                                      | 12                                   | 11                                   |                      | 9                                       |                                    | 6                                  | 3                                  |
| Jackson     | 4                      | 2   | 0                                    | 0                                    | 2                                    | 1                    | 0                                       | 0                                  | 0                                  | 0                                  |
| Jefferson   | 2,971                  | 2,554                                     | 839                                  | 826                                  | 889                                  |                      | 1,601                                   | 527                                | 543                                | 531                                |
| Kiowa       |                        | 0   |                                      | 0                                    | 0                                    |                      | 2                                       |                                    | 0                                  | 2                                  |
| Kit Carson  | 23                     | 14  |                                      | 6                                    | 8                                    | 10                   | 11                                      |                                    | 6                                  | 5                                  |
| La Plata    | 50                     | 69  | 17                                   | 23                                   | 29                                   | 7                    | 26                                      | 14                                 | 0                                  | 12                                 |
| Lake        | 29                     | 20  | 5                                    | 10                                   | 5                                    | 18                   | 7                                       | 2                                  | 2                                  | 3                                  |
| Larimer     | 1,253                  | 1,488                                     | 382                                  | 354                                  | 370                                  |                      | 763                                     | 271                                | 277                                | 215                                |

| Counties      | 2006<br>F/C<br>Filings | 2007<br>F/C<br>Filings<br>(Jan-<br>Sept.) | 2007<br>1 <sup>st</sup> Q<br>Filings | 2007<br>2 <sup>nd</sup> Q<br>Filings | 2007<br>3 <sup>rd</sup> Q<br>Filings | 2006<br>F/C<br>Sales | 2007<br>F/C<br>Sales<br>(Jan-<br>Sept.) | 2007<br>1 <sup>st</sup> Q<br>Sales | 2007<br>2 <sup>nd</sup> Q<br>Sales | 2007<br>3 <sup>rd</sup> Q<br>Sales |
|---------------|------------------------|---|--------------------------------------|--------------------------------------|--------------------------------------|----------------------|---|------------------------------------|------------------------------------|------------------------------------|
| Las Animas    | 62                     | 52  | 25                                   | 10                                   | 17                                   |                      | 12                                      | 3                                  | 8                                  | 1                                  |
| Lincoln       |                        | 20  | 6                                    | 5                                    | 9                                    |                      | 12                                      | 2                                  | 6                                  | 4                                  |
| Logan         | 64                     | 69  | 26                                   | 21                                   | 22                                   | 31                   | 38                                      | 7                                  | 14                                 | 17                                 |
| Mesa          | 352                    | 286                                       | 102                                  | 89                                   | 95                                   | 113                  | 74                                      | 9                                  | 28                                 | 37                                 |
| Mineral       |                        | 1   |                                      | 1                                    | 0                                    |                      | 0                                       |                                    | 0                                  | 0                                  |
| Moffat        |                        | 18  |                                      | 8                                    | 10                                   |                      | 8                                       |                                    | 5                                  | 3                                  |
| Montezuma     |                        | 29  | 7                                    | 12                                   | 10                                   |                      | 10                                      | 1                                  | 6                                  | 3                                  |
| Montrose      |                        | 71  | 32                                   | 21                                   | 18                                   |                      | 13                                      | 8                                  |                                    | 5                                  |
| Morgan        | 147                    | 136                                       | 46                                   | 47                                   | 43                                   | 81                   | 96                                      | 28                                 | 36                                 | 32                                 |
| Otero         | 125                    | 92  | 39                                   | 25                                   | 28                                   | 97                   | 31                                      | 14                                 |                                    | 17                                 |
| Ouray         | 5                      | 4   | 2                                    | 1                                    | 1                                    | 1                    | 4                                       | 2                                  | 1                                  | 1                                  |
| Park          | 208                    | 146                                       | 51                                   | 54                                   | 41                                   | 142                  | 85                                      | 33                                 | 30                                 | 22                                 |
| Philips       | 11                     | 22  | 10                                   | 6                                    | 6                                    | 6                    | 11                                      | 3                                  | 2                                  | 5                                  |
| Pitkin        |                        | 7   |                                      | 3                                    | 4                                    |                      | 2                                       |                                    | 1                                  | 1                                  |
| Prowers       |                        | 38  | 14                                   | 18                                   | 6                                    |                      | 22                                      | 11                                 | 7                                  | 4                                  |
| Pueblo        | 1,174                  | 1,080                                     | 383                                  | 362                                  | 335                                  | 788                  | 777                                     | 247                                | 290                                | 240                                |
| Rio Blanco    | 13                     | 5   | 3                                    | 1                                    | 1                                    | 7                    | 2                                       | 1                                  | 1                                  | 0                                  |
| Rio Grande    |                        | 27  |                                      | 8                                    | 19                                   |                      | 15                                      |                                    | 7                                  | 8                                  |
| Routt         | 53                     | 30  | 9                                    | 12                                   | 9                                    | 7                    | 10                                      | 8                                  | 1                                  | 1                                  |
| Saguache      |                        | 7   |                                      | 5                                    | 2                                    |                      | 4                                       |                                    | 2                                  | 2                                  |
| San Juan      | 1                      | 0   | 0                                    | 0                                    | 0                                    | 0                    | 0                                       | 0                                  | 0                                  | 0                                  |
| San Miguel    | 15                     | 16  | 7                                    | 5                                    | 4                                    | 6                    | 4                                       | 2                                  | 2                                  | 0                                  |
| Sedgwick      | 4                      | 6   | 0                                    | 3                                    | 3                                    | 2                    | 3                                       | 0                                  | 1                                  | 2                                  |
| Summit        | 83                     | 99  | 16                                   | 38                                   | 45                                   | 39                   | 27                                      | 1                                  | 5                                  | 21                                 |
| Teller        |                        | 131                                       |                                      | 52                                   | 79                                   |                      | 79                                      |                                    | 43                                 | 36                                 |
| Washington    | 18                     | 17  | 3                                    | 0                                    | 14                                   | 13                   | 4                                       | 1                                  | 2                                  | 1                                  |
| Weld          | 2,073                  | 2,043                                     | 647                                  | 650                                  | 746                                  | 1,445                | 1,423                                   | 425                                | 456                                | 542                                |
| Yuma          | 26                     | 21  | 8                                    | 11                                   | 2                                    | 16                   | 15                                      | 3                                  | 6                                  | 6                                  |
| <b>Totals</b> | <b>28,509</b>          | <b>28,960</b>                             | <b>9,443</b>                         | <b>10,017</b>                        | <b>9,500</b>                         | <b>15,112</b>        | <b>19,025</b>                           | <b>5,586</b>                       | <b>6,322</b>                       | <b>7,117</b>                       |

\* Denver reported a spike in foreclosure sales from 979 during the second quarter to 1,848 during the third. However, this number reflects recent re-processing of 835 foreclosure files and does not reflect an actual increase in new mortgage defaults in Denver. The spike in foreclosure sales does not signal a new trend in Denver.





Table 1.2 Number of Households per Foreclosure

| <b>Sample Counties</b> | <b>Total occupied units (2006 estimates)</b> | <b>1<sup>st</sup> Q Foreclosures</b> | <b>2<sup>nd</sup> Q Foreclosures</b> | <b>3<sup>rd</sup> Q Foreclosures</b> | <b>Total Foreclosures Jan-Sept, 2007</b> | <b>No. Occupied units per foreclosure by county. (Jan-Sept) [Read: 1 foreclosure filing per 45 household, etc.]</b> |
|------------------------|--|--------------------------------------|--------------------------------------|--------------------------------------|--|---|
| Adams                  | 145,949                                      | 1,456                                | 1,734                                | 1,350                                | 4,540                                    | <b>1 per 32</b>   |
| Arapahoe               | 211,798                                      | 1,569                                | 1,478                                | 1,482                                | 4,529                                    | <b>1 per 47</b>   |
| Boulder                | 113,230                                      | 214                                  | 211                                  | 271                                  | 696                                      | <b>1 per 163</b>  |
| Broomfield             | 17,119                                       | 53                                   | 50                                   | 74                                   | 177                                      | <b>1 per 97</b>   |
| Denver                 | 250,259                                      | 1,940                                | 2,151                                | 1,788                                | 5,879                                    | <b>1 per 43</b>   |
| Douglas                | 92,275                                       | 373                                  | 457                                  | 437                                  | 1,267                                    | <b>1 per 73</b>   |
| El Paso                | 214,974                                      | 828                                  | 880                                  | 865                                  | 2,573                                    | <b>1 per 84</b>   |
| Jefferson              | 208,482                                      | 839                                  | 826                                  | 889                                  | 2,554                                    | <b>1 per 82</b>   |
| Larimer                | 107,296                                      | 382                                  | 354                                  | 370                                  | 1,106                                    | <b>1 per 97</b>   |
| Mesa                   | 53,416                                       | 102                                  | 89                                   | 95                                   | 286                                      | <b>1 per 187</b>  |
| Pueblo                 | 58,941                                       | 383                                  | 362                                  | 335                                  | 1,463                                    | <b>1 per 40</b>   |
| Weld                   | 82,929                                       | 647                                  | 650                                  | 746                                  | 2,043                                    | <b>1 per 41</b>   |
| La Plata               | 19,440                                       | 17                                   | 23                                   | 29                                   | 69                                       | <b>1 per 281</b>  |
| Otero                  | 7,579  | 39                                   | 25                                   | 28                                   | 131                                      | <b>1 per 58</b>   |
| Garfield               | 19,587                                       | 18                                   | 19                                   | 18                                   | 55                                       | <b>1 per 356</b>  |
| Morgan                 | 9,909  | 46                                   | 47                                   | 43                                   | 136                                      | <b>1 per 73</b>   |
| Summit                 | 11,066                                       | 16                                   | 38                                   | 45                                   | 99                                       | <b>1 per 112</b>  |

Statewide there was 1 foreclosure filing per 64 households during the period from January 1 - September 30, 2007.